



# Legislative Finance Committee

## 56<sup>th</sup> Montana Legislature

Room 110, State Capitol, ? P.O. Box 201711 ? Helena, MT 59620-1711 ? (406) 444-2986 ? FAX (406) 444-3036

### SENATE MEMBERS

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MATT McCANN  
BOB RANEY  
JOE TROPILA  
JOHN WITT  
TOM ZOOK

## MINUTES

November 16, 2000  
Hearing Room 102, State Capitol  
Helena, Montana

### ROLL CALL FOR NOVEMBER 16, 2000

Sen. Greg Jergeson  
Sen. Chuck Swysgood  
Sen. Tom Beck  
Sen. Chris Christiaens, Excused for morning session, but attended afternoon session  
Sen. Eve Franklin, Excused but attended the meeting via telephone conference call  
Sen. Arnie Mohl  
Rep. Lila Taylor  
Rep. Matt McCann  
Rep. Bob Raney  
Rep. Joe Tropila  
Rep. John Witt  
Rep. Tom Zook  
Clayton Schenck, Legislative Fiscal Analyst  
Cindy Campbell, Committee Secretary

### Call to Order (Tape 1A-010)

The 177th meeting of the Legislative Finance Committee (LFC) was called to order at 9:05 a.m. by Senator Greg Jergeson, Chair, on Thursday November 16, 2000. The meeting was held in Hearing Room 102 of the State Capitol, Helena, Montana.

### 1. Approval of Minutes for October 2 & 3, 2000 (Tape 1A-013)

**Representative Tropila** moved the minutes of the October 2 & 3, 2000, meeting be approved as presented. **VOTE:** The motion carried unanimously.

## **2. LFA Comments/Announcements** (Tape 1A-015)

Clayton Schenck, Director of Legislative Fiscal Division, announced that there would be a reception for outgoing Legislative Finance Committee (LFC) members, Senator Swysgood, Representative Raney, and Representative Taylor, following the LFC meeting.

## **3. State General Fund Revenue Outlook** (Tape 1A-075)

Terry Johnson, Principal Fiscal Analyst, presented the Revenue Estimate Recommendations to the LFC. (Exhibit 1) These recommendations will be presented to the Revenue and Taxation Committee for adoption at its meeting today. After the Revenue and Taxation Committee adopts the assumptions, LFD staff will begin drafting House Joint Resolution 2.

Mr. Johnson reported that although LFD and Office of Budget and Program Planning (OBPP) differ in their recommendations, the difference is only \$9 million or 0.26 percent. He listed the following three major revenue sources which differed: 1) telecommunications; 2) foreign capital depository; and 3) all other sources. Mr. Johnson also reported that the current general fund balance is a positive \$39.9 million, which is revised from the previous prediction of a negative \$25.4 million in the October 2000 Big Picture Report. He explained the reasons for the revised estimates and concluded his report by detailing the positive and negative risks. Mr. Johnson responded to various questions from the LFC members.

## **4. Final Recommendations: Mental Health Services Subcommittee/Approval of Bill Drafts** (Tape 1B-001)

**Senator Swysgood** presented the final recommendations from the Mental Health Services Subcommittee (HJR 35 Subcommittee) with the two proposed bill drafts for approval from the LFC. (Exhibit 2) He summarized the following bills as adopted by the HJR 35 Subcommittee: 1) LC 9006 – a bill to allow the use of video conferencing in certain court proceedings dealing with mental illness and to provide for costs; and 2) LC 9007 – a resolution to continue the study of the public mental health system. **Senator Swysgood** also explained some other issues, which the subcommittee considered but opted not to address.

**MOTION:** Senator Swysgood moved the LFC approve the two bills drafts, LC 9006 and 9007, as adopted by the HJR 35 Subcommittee. **VOTE:** Motion carried unanimously.

**Representative McCann** offered to carry LC 007 and **Senator Franklin**, LC 006. **Senator Jergeson** and Clayton Schenck will arrange to find sponsors for the draft bills from the HJR 35 Subcommittee which were approved by the LFC at its October meeting.

#### **5. Mental Health Advisory Oversight Council Recommendations** (Tape 1B-110)

Laurie Ekanger, Director for Department of Public Health and Human Services (DPHHS), presented the Mental Health Advisory Oversight Council (MHOAC) Recommendations. (Exhibit 3) She explained each of the four recommendations, three of which were actions with regard to school-based mental health services. The fourth recommendation dealt with the Xanthopoulos Building (X Building). The MHOAC recommended that DPHHS go on record as opposing the transfer of the X Building to the Department of Corrections (DOC).

Mrs. Ekanger summarized the department's responses to these recommendations. (Copies of the written responses were included in Exhibit 3.) LFC members asked numerous questions regarding the X Building. Dan Anderson, Administrator for Addictive and Mental Disorders Division of DPHHS, told the LFC that DPHHS has a written agreement with DOC, SW Regional Corrections, and Deer Lodge County, which will allow them to stay in the X Building until the first of April, 2001. He also responded to questions regarding plans for handling emergency detentions.

#### **6. Other Reports** (Tape 1B-450)

Taryn Purdy, Principal Fiscal Analyst, presented the Budget Amendments Summary Report (Exhibit 4) and the SB 19 Operating Plan Changes (Exhibit 5), stating that the LFD reviewed these and had no significant issues on them. The Required Reports (Exhibit 6) were included in the LFC books as information, but were not formally presented.

## **7. Committee Business** (Tape 1B-480)

Clayton Schenck presented the items under committee business. (Exhibit 7) He presented the cost report and explained to the LFC plans to reduce the Legislative Branch budget by 15 percent, per HB 64 from the last legislative session. **Representative McCann** asked if the 15 percent budget reductions will be included in the budget analysis and Mr. Schenck responded that they will not be included but that they should be available as a tool for the appropriation committees.

## **8. Consideration of Draft Legislation on Metal Mines Bond Liability** (Tape 2A-033)

Roger Lloyd, Senior Fiscal Analyst, presented the Analysis of Department of Environmental Quality's (DEQ) Draft Legislation on Metal Mines, as well as the draft bill. (Exhibit 8) He provided a list of the changes recommended by the LFC at its October meeting together with a comparative analysis on whether or not the revised legislation complies with the recommendations. The analysis shows that the draft legislation addresses all the LFC recommendations. Mr. Lloyd also included a list of things the legislation accomplishes which were not requested by the LFC.

Jan Sensibaugh, Administrator for the Permitting and Compliance Division of DEQ, responded to various questions from the committee members.

**MOTION: Senator Beck** moved that the LFC endorse and sponsor the revised draft legislation.

**VOTE:** Motion carried unanimously.

**Representative McCann** offered to carry the bill if he is appointed to the Long Range Planning Subcommittee. He requested the option to find an alternate sponsor if he is not appointed to the Long Range Planning Subcommittee.

## **9. Report on Local Government/Court Funding Committees** (Tape 2A-255)

Judy Paynter, Department of Revenue, introduced Representative Bob Story, who presented the final report from the Local Government Funding and Structure Committee. (Exhibit 9) He provided background information, details on the committee make-up, goals of the committee, as

well as a summary of the proposed legislation and potential impacts. Following his report, Representative Story responded to questions from the LFC members.

#### **10. Highways Special Revenue Account Solvency: Additional Information** (Tape 2B-236)

At the October LFC meeting Greg DeWitt, Senior Fiscal Analyst, presented an update on the working capital of the Highways Special Revenue Account (HSRA), which identified a structural imbalance between revenues and expenditures that would drive the account into a negative financial position during fiscal 2002. As requested by the LFC at that meeting, Mr. DeWitt now presents additional information for various options for improving the financial condition of the account. His report today provides estimates associated with seven options, which are listed on page 1 of his report. (Exhibit 10) In conclusion, Mr. DeWitt told the LFC that the options provide relief for the account in the short-term, but do not address the underlying problem of expenditure growth that is higher than revenue growth, nor do they address the resulting account structural imbalance.

Jim Curry, Department of Transportation, provided a response on each of the options and answered questions from the LFC members.

#### **11. Global Fiscal Issues: LFC Recommendations to the 2001 Legislature** (Tape 3A-033)

Clayton Schenck presented the global fiscal issues and options for recommendations by the LFC to the 2001 Legislature. (Exhibit 11) The LFC reviewed each issue and took the following actions:

1. Starting budget base for subcommittee deliberations – **MOTION: Senator Beck** moved the LFC adopt Option b. as presented. **VOTE:** Motion carried unanimously.

2. Personal Services – **MOTION: Representative Zook** moved the LFC adopt Option a. as presented. **VOTE:** Motion carried unanimously.

3. Quantification of FTE Reductions – **MOTION: Senator Beck** moved the LFC adopt Option a. as presented. **VOTE:** Motion carried unanimously.

4. Vacancy Savings – **MOTION: Senator Christiaens** moved the LFC adopt Option a. as presented. **VOTE:** Motion carried unanimously.

5. Fixed Costs – **MOTION: Senator Beck** moved the LFC adopt the LFD recommendation as presented. **VOTE:** Motion carried unanimously.

6. Inflation – **MOTION: Representative Zook** moved the LFC adopt the LFD recommendation as presented. **VOTE:** Motion carried unanimously.

7. Proposals Requiring Legislation – **MOTION: Representative McCann** moved the LFC adopt Option c. as presented. **VOTE:** Motion carried unanimously.

8. Disposition of “Negative” New Proposals – **MOTION: Representative Witt** moved the LFC adopt the LFD recommendation as presented. **VOTE:** Motion carried unanimously.

## **12. Department of Labor and Industry – Personal Services Transfers** (Tape 3A-407)

Todd Younkin, Associated Fiscal Analyst, presented a report on an issue with the Department of Labor and Industry where appropriations transfers were made in violation of established statute and procedures during fiscal 2000 operations. (Exhibit 12) He told the LFC that the department is aware of the issue and has taken several steps to avoid recurrence in future years. These steps were outlined in Mr. Younkin’s report.

Jerry Keck, Administrator for the Employment Relations Division, provided a response on behalf of the department.

## **13. Status of 2003 Biennium Budget/Budget Analysis Development** (Tape 3A-600)

Clayton Schenck provided a status report of the 2003 Biennium Budget/Budget Analysis development. He told the LFC that OBPP has now finished their work on the budget and has electronically transferred it to the LFD staff, who are on schedule and plan to complete the draft of the Budget Analysis by December 20. Mr. Schenck stated he was confident staff would meet

that deadline with the draft going to print on December 20. It would then be available to the legislature by December 27, 2000.

**14. LFC Committee Bill for De-earmarking State Special Revenue and Creating/Removing Statutory Appropriations** (Tape 3B-000)

Lorene Thorson, Senior Fiscal Analyst, presented the draft of the LFC committee bill for de-earmarking state special revenue and creating/removing statutory appropriations. (Exhibit 13) She explained the changes and answered questions for committee members.

**MOTION:** Senator Christiaens moved the LFC adopt the draft bill, LC 270, as printed.

**VOTE:** Motion carried unanimously.

Senator Christiaens offered to carry the bill.

**Next LFC Meeting**

The next meeting of the LFC has not been scheduled.

**Adjournment**

**MOTION:** Representative Tropila moved to adjourn. **VOTE:** Motion carried unanimously.

Meeting adjourned at 2:40 p.m. Upon adjournment a reception was held for outgoing members.

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Senator Greg Jergeson, Chairman

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Cindy Campbell, Committee Secretary